

CITY OF WILLIAMSBURG

Fiscal Year 2007 Operating and Capital Budgets

BUDGET GUIDE

INTRODUCTION

This Guide is designed to assist those responsible for preparing the Annual Operating Budget and the Five Year Capital Improvement Program of the City of Williamsburg. The budget process defines, communicates, and funds the city's programs and priorities. The completed budget is City Council's financial road map, and a primary management tool for the City Manager and Department Heads. To that end, it must be a quality document, and our best efforts should be expended in its preparation.

The Budget Guide is a formal call for all departments of the city, and agencies associated with the city, to prepare and submit an estimate of the resources required for the next fiscal year. It includes a set of procedures for building a comprehensive budget to be submitted to City Council in March each year. It also serves as a mid year review to identify adjustments necessary to the current year budget.

AUTHORITY

The Charter and Code of Ordinances of the City of Williamsburg, and the Code of Virginia, prescribe budgetary responsibility and process. Budgetary accounts are maintained according to the Uniform Financial Reporting Manual for Virginia Counties and Municipalities, as prescribed by the Auditor of Public Accounts, Commonwealth of Virginia. This guide consolidates pertinent budgetary information as concisely as possible, providing a reference for making sound, informed, consistent budget decisions.

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November 2005

28 Partner agencies FY 2007 applications distributed.

December 2005

9 City Manager and Finance Director distribute budget guidance and capital improvement planning instructions to operating departments. Partner agencies FY 2007 applications distributed.

19 Departments submit to City Manager input for Five Year Capital Improvement Program update.

January 2006

6 Finance department distributes FY 2007 Budget Work Sheets to Departments and Constitutional Officers.

6 Finance department sends letters to outside agencies advising of budget submittal requirements and deadlines.

6 City Manager and Planning Director prepare a working paper on the CIP update, focused on major capital items, and provide to City Council and Planning Commission.

12 Partner Agencies FY 2007 application deadline

23 Departmental and Constitutional Officer operating budgets due to Finance Department. Finance begins compilation and review of budgets, and completes revenue projections for FY 2007.

23 City Manager and Finance Director begin meetings with Department Heads on budget submittals as necessary.

February 2006

3 Deadline for receipt of Outside Agency budget requests.

17 Planning Commission provides input to City Manager and City Council for update of the Five Year Capital Improvement Program.

March 2006

- 3 Proposed budgets submitted by School Division and Library.
- 17 Proposed Operating and Capital Improvement Budgets delivered to Council.
- 20-22 Council Work Sessions--Review of Outside Agency Requests.
- 22 Send Budget advertisements to local newspaper for publication.
- 25 Advertise Proposed Budget for public hearing

April 2006

- 13 City Council Public Hearing on Proposed Budget and Tax Levy.
- 17-19 Council Work Sessions (as necessary) to finalize budget. City Manager and Finance staff prepare final budget for adoption.
- 21 Supervisors and Department Heads submit annual employee performance evaluations for input into Merit Pay Plan.

May 2006

- 11 Council Adopts FY 2007 Operating and Capital Budgets.
Council Sets Tax Rate.

July 2006

- 1 Begin Fiscal Year 2007.

General

In early January, Finance staff will provide spreadsheets to departments with operating activity for each departmental line item:

- A. Prior year's expenditures for last two fiscal years.
- B. Current year budget.
- C. Current year expenditures through December 31st.
- D. A column for estimating current fiscal year total expenditures through June 30th.
- E. A column for next fiscal year's line-item budget estimates.

Each department head should complete items D and E. The current year estimate is both the basis for recommending amendments to the current year budget, and for determining next year's amount for consideration by City Council.

Recommendations on personnel expenditures (addition/deletion of positions, etc.) should be submitted in memo form. Payroll and fringe benefits line items on the printout should be left blank. Finance will calculate and enter these line items.

Reminders for Preparers of Budget Requests

- 1. Analyze each line item separately. Compare historical data, current year budget, and estimated spending levels for the current year to assist with your request.
- 2. Round all figures to the nearest \$10.00 (i.e., \$32 to \$30 and \$85 to \$90).
- 3. Verify all object codes, amounts, and totals.
- 4. Meet all Budget Calendar deadline dates. Preparers should highlight key dates and actions.
- 5. Keep backup materials used in computing your budget request. These will be used both in explaining budget recommendations and administering the budget.
- 6. This is your operating budget. You are responsible for closely monitoring expenditures and encumbrances against the budget monthly. Written requests for Budget Account Transfers or Supplemental Appropriations must be submitted on forms provided and approved prior to obligating spending over the adopted budget.

CAPITAL IMPROVEMENT PROGRAM

Definition of a Capital Project

The Capital Improvements Program (CIP) identifies schedules and budgets capital projects. A capital project is a major expenditure which adds to the net assets of the City. Capital projects fall within one or more of the following categories:

1. Land acquisition or long-term lease.
2. Construction of buildings, public facilities, and infrastructure, generally exceeding \$20,000.
3. Acquisition or improvement of property, generally exceeding **\$20,000**.
4. Major additions or rehabilitation to public facilities, generally exceeding **\$20,000**.
5. Major studies such as engineering, feasibility, etc., related to public facilities.
6. Vehicles and equipment, generally exceeding \$10,000.

Some examples of capital projects are: street construction, sewer lines, parks, sidewalks, storm drains, water lines, building construction or major renovation, fire trucks, and police cars.

Engineering or planning studies, which are directly linked to a specific capital project, are part of the cost of that project. Such engineering studies should be included in the project description of which they are a part. Other studies and plans, which constitute a major expense of a non-recurring nature, are included in the CIP even if they are not assets in the sense of a building.

Relation Between the Capital Budget and the Capital Improvement Program

The Five Year Capital Improvement Program is presented annually to City Council. The first year of the Capital Improvement Program is a capital budget and contains the list of projects for implementation during the coming fiscal year. The CIP is updated annually as new needs become known and as priorities change. It is possible that a project with low priority can remain in the CIP program longer than five years as more important projects appear and move ahead of it. Conversely, a project may be implemented sooner than originally planned due to changing priorities.

Project Review

All requests for capital projects and input on priorities will be evaluated by the City Manager and Finance Director before being submitted to City Council.

The Planning Commission will receive the proposed Capital Improvements Program when it is distributed to City Council. The Commission will be invited to advise Council on the consistency of the CIP with the Comprehensive Plan of the City.

Capital Project Form

Capital Improvement Program projects will be submitted on forms provided by the City Manager. The following is a non-inclusive list of project categories:

Streets and Traffic	Economic Development
Stormwater Management	Field Equipment
Solid Waste Management	Parking Facilities
Park Development	Planning/Feasibility Studies
Building Improvements	Property Acquisition
Water and Wastewater Improvements	Vehicles

Five Year Vehicle Replacement Plan

All vehicles owned by the city are listed on a replacement plan. The plan is based on a five-year projection. It is updated annually with the rest of the CIP.

Annual Update

Each year departments submit an update to the CIP as the first step in budget formulation. Updates include:

1. Submission of the current year Capital Project Form with either:
 - a. pen and ink annotation to update the form for the next five year period, or
 - b. staple a revised form if changes are too many for pen and ink update.
2. Submission of a statement for each current year project of work accomplished at the six month point, and the accomplishments expected by the twelve month point.
3. Submission of a revised Capital Improvement Summary for that portion of the CIP assigned to the originator's department.

Policies and Procedures

The City recognizes the importance of setting specific goals. Goals provide both means of sorting out priorities, and a standard against which to measure effectiveness. More than any other determinant, stated goals drive the budget. Goal setting is an integral part of the budget process.

The calendar below outlines City Council's biennial goal setting process. The City Council's two- year election cycle fits well with a biennial goal setting cycle.

Two or three new or incumbent council members are elected in May of even numbered years. The newly elected Council members then have several months to become familiar with the workings of city government before the Council attempts to chart the City's course. This is done through a methodical goal setting process in the Fall of even numbered years. The City Council's adopted goals then become a guide for the two succeeding budgets. In this way, a Council spends the first six months after the election deciding what it wants to accomplish, and the remaining eighteen months before the next election concentrating on implementing its goals.

During the midterm, or odd numbered years, the Council revisits and reevaluates its goals, and evaluates progress in accomplishing those goals. But the formal goal setting process takes place only every two years.

In order to be fully useful, goals statements should have the following characteristics:

- Goals should be as specific as possible.
- Goals achievement should be measurable.
- Goals should be short-range-one or two years. (Longer range goals should be expressed in terms of what intermediate goals or objectives must be undertaken now to achieve the ultimate goal.
- Goals should be developed by exception. The continuation of existing policies and practices of city government should not be listed as goals, however important they may be. Only new or altered policies or practices should be listed.
- Goals should be followed by an implementation strategy provided in operating and capital budgets.
- The cost of achieving a goal should be counted in terms of time, money, and commitment, realizing each goal actively pursued takes away resources that could be applied to other activities.

- Goals should be limited to those which city government has the power to achieve. While it may be well to state goals which are primarily the responsibility of others, it should be recognized that while the City has considerable influence, it does not have substantial control over goals such as these.

CALENDAR (even number years only)

May	Council Election
July 1	New Council members take office.
July-Aug.	City Manager provides status report on accomplishment of stated goals. Council holds retreat to evaluate goal accomplishment and discuss future priorities.
September	Council offers public comment opportunities to hear citizens' ideas and suggestions on goals.
October	City Manager presents a draft Goals Statement based on the outcome of the retreat and public comment for Council consideration. Council has workshop sessions as necessary, and adopts a statement of goals.
November	City Staff begins work on operating and capital budgets for coming fiscal year reflecting priorities in the statement of goals.

Budgetary Accounts and Responsibility

The City of Williamsburg operates its budgetary system on a fund accounting basis.

The funds used by the City of Williamsburg are Governmental and Proprietary. The Governmental Funds consist of the General Fund (01) and the Capital Improvement Program (Sales Tax 04). These funds are combined in the City's Comprehensive Annual Financial Report (CAFR), but for budgeting purposes, are kept separate due to the operating and capital differences. The Proprietary Fund is an Enterprise Fund (10) which accounts for the city water and wastewater as the Utility Fund.

The General Fund is used to account for all financial resources except those required to be accounted for in one of the other funds. The General Fund encompasses all city departments, except utilities, and also includes entities funded through city government such as constitutional officers, detention, schools, library, and outside agencies.

Capital Improvements Program is used to account for major capital outlay items. Historically, the city has used the State's 1% sales tax revenue to fund capital outlay.

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business. The intent of these operations is that the cost of providing continued services to the public be financed primarily from user charges and fees.

Expenditures of the City of Williamsburg are classified by fund, and within each fund by department. Expenditures are classified by object (line item) within each department.

Appendix A, Departmental Codes and Responsibilities, lists the individual responsible for submitting and managing each departmental budget. In the case of outside agencies, Appendix A lists the city employee responsible for overseeing agency funding.

Appendix B, Revenue Sources and Trends, documents all existing and potential sources of revenue received by the City of Williamsburg to finance its operations each year. It contains a thorough description of each revenue source, trends, and other pertinent information that should help the reader gain an understanding of the basis of each of these sources.

Appendix C, Expenditure Classifications, provides an explanation of each line item to help in properly and consistently classifying expenditures.

CITY OF WILLIAMSBURG - DEPARTMENT CODES AND RESPONSIBILITY
 Fiscal Year 2007 Operating Budget

<u>Fund Number</u>	<u>Dept. Number</u>	<u>Department</u>	<u>Responsibility</u>
General Fund:			
01	1101	Legislative	Jackson C. Tuttle
01	1102	Clerk of Council	Shelia Y. Crist
01	1201	City Manager	Jackson C. Tuttle
01	1204	City Attorney	Joseph Phillips
01	1209	Commissioner of Revenue	Judy Fuqua
01	1210	City Assessor	John Mattson
01	1213	Treasurer	Ann Davis
01	1214	Finance	Philip Serra
01	1221	City Shop	Daniel Clayton
01	1301	Electoral Board	David Andrews
01	1302	Registrar	David Andrews
01	2100	Joint Activity	Philip Serra
01	2202	Magistrates	Philip Serra
01	3101	Police	James M. Yost
01	3102	E-911	James M. Yost
01	3103	Parking Facility	James M. Yost
01	3201	Fire	T. K. Weiler
01	3301	Regional Jail	John Kuplinski
01	3303	Middle Pen. Juv. Det. Center	Joanne Smith
01	3401	Codes Compliance	John Catlett
01	3501	Animal Control	Daniel Clayton
01	3503	Medical Examiner	Robert J. Deeds
01	3505	Emergency Management	T. K. Weiler
01	4101	Engineering	Daniel Clayton
01	4102	Streets	Daniel Clayton
01	4203	Refuse Collection	Daniel Clayton
01	4305	Municipal Complex	Daniel Clayton
01	4306	Rental Properties	Daniel Clayton
01	4307	New Municipal Building	Daniel Clayton
01	4308	Information Technology	Mark Barham
01	4309	Landscaping	Daniel Clayton
01	5101	Health Department	Philip Serra
01	5103	Mosquito Control	Daniel Clayton
01	5302	Public Assistance	Peter Walentisch
01	5305	Public Assist.-Transportation	Peter Walentisch
01	6101	School Board	Philip Serra
01	6103	Joint School Contributions	Philip Serra

CITY OF WILLIAMSBURG - DEPARTMENT CODES AND RESPONSIBILITY
 Fiscal Year 2007 Operating Budget

<u>Fund Number</u>	<u>Dept. Number</u>	<u>Department</u>	<u>Responsibility</u>
01	7101	Recreation Administration	Paul Hudson
01	7102	Waller Mill Park	Paul Hudson
01	7104	Playgrounds	Paul Hudson
01	7108	Cemetery	Daniel Clayton
01	7302	Library - Contributions	Philip Serra
01	8101	Planning	Reed Nester
01	8102	Contrib. to Other Agencies	Philip Serra
01	8202	Soil & Water Conservation	Daniel Clayton
01	9301	General Long-Term Debt	Philip Serra

Sales Tax Fund:

04	0001	Capital Improvements Projects	Jackson C. Tuttle
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Utility Fund:

10	1900	Administration	Daniel Clayton
10	1910	Filter Plant	Daniel Clayton
10	1920	Water System	Daniel Clayton
10	1940	Sewage System	Daniel Clayton
10	1970	Debt Service	Daniel Clayton
10	1985	Purchased Services	Daniel Clayton
10	1990	Reserve-Utility CIP	Daniel Clayton

CITY OF WILLIAMSBURG – REVENUE SOURCES AND TRENDS
Fiscal Year 2007 Operating Budget

GENERAL PROPERTY TAXES

General Property Taxes account for approximately 28% of the City's general fund operating revenues. These taxes are derived from annual assessment of real estate and tangible personal property located in the City. The City Assessor appraises real estate property annually. This category includes property tax collections for current and delinquent years. Also included in this category are collections for Public Service Corporations, property appraised by the State Corporation Commission, and cover real, personal property, and machinery & tools. Revenues received for property tax on mobile homes, boats, and motorcycles are also included in this revenue category.

Real Property Taxes

By state law, all real property taxes must be assessed each year at 100% of fair market value. The assessments are made on a fiscal year basis and must be complete and mailed to property owners by June 30th for the next fiscal year. Taxes are then due on Dec 1, and June 1 of that fiscal year. The current tax rate is \$.54 per \$100 of assessed value. The City's real estate tax rate history is shown in the following tabulation:

Real Estate Property Tax Rates	
Fiscal Year 1987	\$.52
Fiscal Year 1988	.51
Fiscal Year 1989	.50
Fiscal Year 1990	.52
Fiscal Years 1991-2006	.54

Real property taxes generated by other selected Virginia localities for the fiscal year ended June 30, 2005 are as follows¹:

Locality	Tax Rate / \$100	Real Property Tax Revenues FY 2005	% Change Over FY 2004	% of Total Local Revenues	Tax Rate vs. Wmsbg.	Per Capita Revenue
James City County	\$.86	\$56,157,350	8.58%	50.96%	+59%	\$1017.35
York County	\$.86	\$43,602,641	8.72%	45.84%	+59%	\$708.99
Winchester	\$.63	\$13,910,677	19.07%	26.16%	+17%	\$545.52
Hampton	\$1.27	\$80,029,280	7.27%	36.30%	+135%	\$560.43
Newport News	\$1.27	\$114,344,221	8.26%	36.70%	+135%	\$626.89
Williamsburg	\$.54	\$6,526,520	5.98%	21.28%		\$479.90

¹ Commonwealth of Virginia - Comparative Report of Local Government Revenues and Expenditures

CITY OF WILLIAMSBURG – REVENUE SOURCES AND TRENDS
Fiscal Year 2007 Operating Budget

Real property tax revenues received during the past ten fiscal years are shown below²:

Fiscal Year	Real Property Tax Revenue	% Change
1996	3,806,289	0.01%
1997	4,093,646	7.5%
1998	3,994,920	(2.41%)
1999	4,237,639	6.08%
2000	4,551,006	7.39%
2001	4,681,313	2.86%
2002	4,962,549	6.01%
2003	5,523,130	11.30%
2004	6,158,084	11.50%
2005	6,526,520	5.98%

Real estate taxes are generated based on the value of the City's tax assessment rolls. Taxable real estate property values for the last ten fiscal years are as follows:

Fiscal Year	Taxable Real Estate Property Values	% Change
1996	706,903,100	2.75%
1997	735,851,100	4.10%
1998	749,039,424	1.79%
1999	792,641,200	5.82%
2000	815,856,500	2.93%
2001	863,961,268	5.90%
2002	908,631,326	5.17%
2003	995,635,300	9.58%
2004	1,117,426,100	12.23%
2005	1,202,692,600	7.63%

For each 1¢ of the City's tax rate, approximately \$120,269 is generated annually, based on the fiscal year 2005 land book values.

² City of Williamsburg's Comprehensive Annual Financial Reports-amounts include prior years' delinquent real estate tax receipts.

CITY OF WILLIAMSBURG – REVENUE SOURCES AND TRENDS
Fiscal Year 2007 Operating Budget

Personal Property Taxes

Tangible personal property is classified into two categories for valuation purposes, personal and business property. Cars, trucks, boats, trailers, etc., comprise personal property, and furniture, fixtures, and machinery account for business property. Property is assessed each January 1st, and taxes are due on December 1st, of the same year. The rate of assessment for motor vehicles is determined by the NADA or “Blue Book” loan value. Furniture, machinery, etc., is assessed at 30% of original cost. The tax rate is \$3.50/\$100 of assessed value. Personal property taxes generated by select Virginia localities for the fiscal year ended June 30, 2005 are tabulated as follows³:

Locality	Tax Rate / \$100	Personal Property Tax Revenues*	% Change Over FY 2004	% of Total Local Revenues	Per Capita Revenue
James City County	\$4.00	\$15,678,072	4.63%	14.23%	\$284.03
York County	\$4.00	\$10,373,527	10.72%	10.91%	\$168.68
Winchester	\$3.50	\$6,047,966	6.52%	11.37%	\$237.18
Hampton	\$4.25	\$16,406,168	(2.25%)	7.45%	\$114.89
Newport News	\$4.15	\$33,315,432	3.72%	10.70%	\$182.65
Williamsburg	\$3.50	\$1,623,680	1.70%	5.30%	\$119.39

**Includes Machinery & Tools and excludes State reimbursement for Personal Property Tax Relief Act.*

Personal Property tax revenues received during the past ten fiscal years are shown below⁴:

Fiscal Year	Personal	Business*	Total Amount	% Change
1996	623,754	957,082	1,580,836	12.5%
1997	754,376	993,722	1,748,098	10.6%
1998	735,157	1,055,475	1,790,632	2.4%
1999	824,121	1,088,503	1,912,624	6.8%
2000	771,493	1,179,212	1,950,705	1.99%
2001	917,722	1,207,908	2,125,630	8.97%
2002	1,002,744	1,246,548	2,249,292	5.82%
2003	1,019,000	1,279,076	2,298,076	2.17%
2004	1,076,523	1,254,363	2,330,886	1.43%
2005	1,056,463	1,259,291	2,315,754	(.65%)

**Business personal property tax receipts include autos, machinery, & tools*

³ Commonwealth of Virginia - Comparative Report of Local Government Revenues and Expenditures.

⁴ City of Williamsburg’s Comprehensive Annual Financial Reports-amounts include prior years’ delinquent personal property tax receipts.

CITY OF WILLIAMSBURG – REVENUE SOURCES AND TRENDS

Fiscal Year 2007 Operating Budget

Public Service Corporations

Tax revenues are generated by public service corporations based on annual assessments of property, both real and personal, by the State Corporation Commission. Public service corporations are those providing services such as water, heat, light and power, telecommunications, and railroads within local government boundaries. Property assessments for the last ten fiscal years, along with the total revenue receipts for public service corporations are provided as follows:

Fiscal Year	Real Estate Assessments	Personal Property Assessments	Total Public Service Corporation Revenue
1996	38,369,271	16,325	207,765
1997	37,580,129	29,212	203,934
1998	37,937,591	27,628	202,269
1999	40,999,777	18,895	225,861
2000	43,812,511	4,164	236,733
2001	47,224,673	18,775	255,670
2002	50,895,236	17,285	275,439
2003	49,990,963	340,727	282,265
2004	53,151,294	0	287,017
2005	55,531,820	0	316,177

In fiscal year 2003, the city received tax on vehicles for 2002 tax year from a large public service corporate taxpayer. As of January 1, 2003, public service vehicles are not taxable.

Penalties and Interest

Personal property and first half fiscal year real estate taxes are due December 1st each year. Second half real estate taxes are due June 1st. Penalties are charged on all property tax accounts if not paid by these due dates. Penalty charges for delinquent property taxes are as follows:

Amount of Taxes	Personal Property	Real Estate
Up to \$10	Penalty is same as tax	Penalty is 10%
\$10.01 - \$100	Penalty is \$10	Penalty is 10%
\$100.01 and up	Penalty is 10%	Penalty is 10%

Interest charges begin January 1st for delinquent first half real estate and personal property taxes, and July 1st for second half taxes. Interest is computed monthly, with an annual percentage rate of 10% as provided for in the Williamsburg City Code.

CITY OF WILLIAMSBURG – REVENUE SOURCES AND TRENDS
Fiscal Year 2007 Operating Budget

Penalty and interest revenues over the past ten fiscal years are shown in the following tabulation:

Fiscal Year	Penalties	Interest	Total
1996	70,021	54,444	124,465
1997	58,111	23,361	81,472
1998	75,455	51,529	126,984
1999	55,441	28,929	84,370
2000	62,590	25,604	88,194
2001	56,962	18,145	75,107
2002	65,098	21,739	86,837
2003	68,639	35,236	103,875
2004	71,508	18,461	89,969
2005	63,900	15,386	79,286

OTHER LOCAL TAXES

This category of local revenues differs from general property taxes in that they are not billed by the City [except in the case of business licenses]. They are dependent on business volume, and most are *self-imposed* [businesses report sales activity directly to the City, and charges are based on these reported figures]. Business activity is subject to verification by the Senior Tax Analyst.

Local Sales and Use Taxes

Local sales and use taxes are based on business activity in the City reported to the Commonwealth of Virginia by all businesses that are required to charge State sales tax of 5%. The taxes are collected and submitted to the Virginia Department of Taxation on a monthly basis and one percent of these proceeds are then returned to the City directly from the State. As a matter of policy, the City has designated these revenues to pay for its ongoing capital improvement program.

CITY OF WILLIAMSBURG – REVENUE SOURCES AND TRENDS
Fiscal Year 2007 Operating Budget

Revenues received from the Commonwealth of Virginia for sales taxes over the last ten fiscal years are as follows:

Fiscal Year	1% Sales Tax Receipts	% Change
1996	3,479,576	(3.56%)
1997	3,403,649	(2.18%)
1998	3,527,210	3.63%
1999	3,673,944	4.16%
2000	3,782,864	2.96%
2001	3,720,937	(1.64%)
2002	4,368,379	17.40%
2003	3,781,232	(13.44%)
2004	4,210,450	11.35%
2005	4,219,603	.22%

Consumer Utility Taxes

Use taxes are collected by public utility companies and remitted to the City on a monthly basis. City Council approves the rates charged annually. The following table highlights the purpose and rates charged by these utility companies in effect during fiscal year 2005:

Current City Charges			Maximum-State Code			
Type	Residential Rate	Commercial Rate	Res. Max Per month	Comm-Industrial Max/month	Residential Maximum Allowable Charge/month	Comm/Ind. Maximum Allowable Charge/month
Electricity	\$.70/ month Plus .007468 per kw hours	\$1.15/month Plus .006947 per kw hours	\$1.00	\$20.00	20% up to \$15=\$3	20% up to \$200=\$40
Gas	\$.70/month Plus .014 per CCF	\$1.15/month Plus.0243 per CCF	\$1.00	\$20.00	20% up to \$15=\$3	20% up to \$200=\$40
Propane	N/A	N/A	N/A	N/A	Same as above	Same as above
Telephone	5% per month	5% per month	No limit	No limit	Same as above	20% up to \$15=\$3
Wireless	10% up to \$30=\$3	10% up to \$30=\$3	\$3.00	\$3.00	10% up to \$30=\$3	10% up to \$30=\$3
Telephone - E-911	\$2.00 per month	\$2.00 per month	\$2.00 per month	\$2.00 per month	No limit	No limit

CITY OF WILLIAMSBURG – REVENUE SOURCES AND TRENDS
Fiscal Year 2007 Operating Budget

The Commonwealth of Virginia deregulated gas and electric utilities in 2001. Since then local utility taxes for those industries are designed to be revenue neutral to localities. Beginning July 1, 2003, the City of Williamsburg began imposing a tax on wireless communications. Total receipts collected over the last ten fiscal years are as follows:

Fiscal Year	Electric	Telephone	Natural Gas	E-911*	Wireless	Consumer Utility Tax Collections
1996	177,738	110,243	53,176	36,377	0	377,534
1997	176,456	120,865	58,260	39,859	0	395,440
1998	178,116	114,757	58,814	76,272	0	427,959
1999	169,896	122,079	59,740	87,796	0	439,511
2000	177,866	145,668	63,929	85,603	0	473,066
2001	181,253	154,657	58,835	111,242	0	505,987
2002	194,648	150,012	58,370	186,059	0	589,089
2003	195,418	199,374	55,082	216,106	0	665,980
2004	180,296	170,339	57,982	236,670	139,415	784,702
2005	181,451	198,580	59,930	263,202	258,868	962,031

* E-911 charges began in Fiscal Year 1994, and continued until June 30, 1997 at the \$.50 per month charge. Beginning July 1, 1997, the rate was increased to \$1.00 per month. Effective July 1, 2001, the rate was increased to \$2.00.

Business License Taxes (BPOL)

All businesses in the City must obtain a business license to operate. The Commissioner of the Revenue sends business license applications in late December each year. Forms provided include prior year information [name, address, type of business conducted, gross receipts, etc.] and it is the responsibility of licensees to confirm or change information. The applications must be returned to the Commissioner by February 15th. The charge for business license is dependent on gross receipt figures provided on the application. The due date for payment of business licenses is March 1st each year, with a 10% penalty beginning March 2nd, with interest accruing at 10% annual percentage rate.

CITY OF WILLIAMSBURG – REVENUE SOURCES AND TRENDS
Fiscal Year 2007 Operating Budget

A detailed list of rates is provided for information purposes.

Trade/Type	Fee [based on gross receipts]	Minimum Fee
Business or Personal Service	\$.36/\$100	\$30 up to \$8,200
Contractor	\$.16/\$100	\$30 up to \$18,000
Fortune Teller	\$1,000 flat fee	Flat license fee
Itinerant Merchant or Peddler License	\$500 flat fee	\$30
Professional Service	\$.58/\$100	\$30 up to \$5,000
Retail Merchant	\$.20/\$100	\$30 up to \$15,000
Wholesale Merchant	\$.05/\$100	\$30 up to \$60,000
Restaurant (seating 50-100)	\$200	Flat license fee
Restaurant (seating 101-150)	\$350	Flat license fee
Restaurant (seating 151-up)	\$500	Flat license fee
Bed & Breakfast – Mixed Beverage	\$40	Flat license fee
On/Off Sale of Beer-Wine	\$150	Flat license fee
On/Off Premises Sale of Beer	\$100	Flat license fee
On Premises Sale of Beer & Wine	\$150	Flat license fee
On Premises Sale of Beer	\$100	Flat license fee
Off Premises Sale of Beer & Wine	\$150	Flat license fee
Off Premises Sale of Beer	\$100	Flat license fee

Business Licenses receipts over the last ten fiscal years are as follows:

Fiscal Year	Business License Receipts	% Change
1996	1,301,842	8.38%
1997	1,306,484	.36%
1998	1,354,180	3.65%
1999	1,464,810	8.17%
2000	1,535,238	4.81%
2001	1,592,792	3.75%
2002	1,622,735	1.88%
2003	1,641,721	1.17%
2004	1,628,458	(.81%)
2005	1,749,413	7.43%

CITY OF WILLIAMSBURG – REVENUE SOURCES AND TRENDS
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Franchise License Fees

The Code of Virginia, § 58.1-37 governs the licensing and regulation of cable television in the City. Gas and electric utilities using the city streets and right-of-ways to conduct business are classified here also, with consumption taxes set by state code. The Code of Virginia § 58.1-2904 imposes consumption taxes on consumers of natural gas in the City, and the Code of Virginia § 58.1-2900 covers consumption taxes on electricity in the City. These taxes are separate from consumer utility taxes charged monthly. The City's current agreement with Cox Cable began March 1996, and will expire March 2011.

Activity	Fee
Cable TV	5% of gross receipts
Telephone	\$.50/\$100 gross receipts
Gas	\$.004/CCF first 500CCf per month
Electric	Under 2,500kWh = \$.00155/kWh/month 2,500 – 50,00 kWh = \$.00099/kWh/month over 50,000 kWh = \$.00075/kWh/month
Taxi & Bus Services	\$75 flat fee plus \$60 per cab owned

Franchise fees collected over the past ten years are shown below:

Fiscal Year	Cable TV	Gas & Electric	Telephone	Other	Total Franchise Collections
1996	75,361	80,073	9,898	1,636	166,968
1997	39,994	84,655	10,538	2,109	137,296
1998	75,353	83,459	10,830	53	169,695
1999	71,388	78,724	11,370	2,219	163,701
2000	85,007	82,111	11,919	1,865	180,902
2001	96,760	98,595	17,885	3,067	216,307
2002	105,015	70,491	18,386	741	194,633
2003	112,058	66,571	22,117	1,614	202,360
2004	129,335	59,675	34,509	2,197	225,716
2005	141,092	58,910	33,094	2,100	235,196

CITY OF WILLIAMSBURG – REVENUE SOURCES AND TRENDS

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Bank Stock Taxes

Every incorporated bank, banking association or trust company organized by or under the authority of the laws of the Commonwealth are responsible for filing bank franchise taxes⁵. A specific state tax form is prepared annually for banks, and filed with the Commonwealth of Virginia. The tax is essentially 8/10's of 1% of a bank's total equity capital (including reserves for losses) less real estate and personal property holdings which are taxed by Virginia localities. Banks submit the portion of its total bank stock taxes to local governments based on the percentage of banking operations within each locality. Bank stock tax collections over the past ten years are shown below:

Fiscal Year	Bank Stock Receipts	% Change
1995	158,791	136.46%
1996	185,684	16.94%
1997	185,744	.03%
1998	159,896	(13.92%)
1999	170,345	6.53%
2000	179,752	5.52%
2001	238,379	32.62%
2002	189,433	(20.53%)
2003	140,880	(25.63%)
2004	112,958	(19.82%)
2005	118,772	5.15%

Recordation Taxes

State law gives City Council the power to impose recordation taxes upon the first recordation of each taxable instrument recorded in the City. Taxable instruments generally consist of deeds, deeds of trust, and marriage licenses. The rate charged is \$.15 on every \$100 or fraction thereof of the consideration of the deed or the actual value of the property conveyed, whichever is greater⁶. For deed recordation in excess of \$10 million value, a sliding scale is used. The Clerk of the Circuit Court is responsible for collecting and remitting these fees monthly to the City. In addition to these fees, a local tax is imposed (equal to up to 1/3 of the state recordation tax) and submitted to the City. The City has charged this maximum fee for many years. A grantor's tax is also collected by the Clerk of the Circuit Court, and submitted to the State for quarterly distribution. This tax is classified under the Non-Categorical Aid section of this report.

⁵ Commonwealth of Virginia, Dept of Taxation, Virginia Bank Franchise Tax, 1997 Forms

⁶ Code of Virginia §581-801.

CITY OF WILLIAMSBURG – REVENUE SOURCES AND TRENDS
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Local recordation taxes collected over the past ten fiscal years are as follows:

Fiscal Year	Recordation Fees
1996	67,801
1997	99,609
1998	84,457
1999	99,148
2000	99,367
2001	104,137
2002	109,141
2003	131,173
2004	196,203
2005	266,594

Cigarette Taxes

The City of Williamsburg began imposing a cigarette tax of 25¢ per pack on July 1, 2003. The total collected for fiscal years 2004 and 2005 are:

Fiscal Year	Cigarette Taxes
2004	305,729
2005	209,340

Hotel & Motel Room Taxes

The City levies a transient occupancy tax on hotels, motels, bed and breakfasts, and other facilities offering guest rooms rented out for continuous occupancy for fewer than 30 consecutive days. Beginning January 1, 1999, the rate was increased from 4% to 5%. Businesses collect this tax during the normal course of operations, and submit it to the City by the 20th of the following month.

Room tax collections over the last ten fiscal years are:

Fiscal Year	Room Tax Collections	% Change
1996	2,989,596	3.21%
1997	2,967,212	(.75%)
1998	3,238,538	9.14%
1999	3,673,349	13.43%
2000	4,097,054	11.53%
2001	3,895,420	(4.92%)
2002	4,114,010	5.61%
2003	3,974,894	(3.38%)
2004	3,996,782	.55%
2005	3,695,937	(7.53%)

CITY OF WILLIAMSBURG – REVENUE SOURCES AND TRENDS

Fiscal Year 2007 Operating Budget

Restaurant/Food Taxes

The Code of Virginia allows the City to impose this excise tax on all food and beverages sold in the City as a meal. City Code defines “food & beverages” as all food, beverages or both, including alcoholic beverages, which are meant for refreshment or nourishment value, purchased in or from a restaurant, whether prepared in such restaurant or not, and whether consumed on the premises or not.⁷ Restaurant Food tax was also raised to 5% as of January 1, 1999. Meal tax collections over the last ten fiscal years are:

Fiscal Year	Meal Tax Collections	% Change
1996	3,596,612	2.47%
1997	3,668,177	1.99%
1998	3,890,755	6.07%
1999	4,364,758	12.18%
2000	5,075,742	16.29%
2001	5,114,515	.76%
2002	5,318,886	3.96%
2003	5,244,106	(1.41%)
2004	5,393,776	2.85%
2005	5,367,745	(.48%)

The City's adopted fiscal year 2005-2006 operating budget estimates room & meal tax revenues to be \$9,400,000, or 32.32% of the total budget. Rates charged by nearby Virginia localities, and the percentage of estimated fiscal year 2005-2006 receipts to total operating budgets, are presented below:

Locality	Room Tax Rate	% of FY 2006 Budget	Meal Tax Rate	% of FY 2006 Budget	Total % of Budget
York County*	5%	2.02%	4%	3.79%	5.81%
James City County*	4%	1.26%	4%	3.37%	4.63%
Virginia Beach*	8%	1.35%	5.5%	2.87%	4.22%
Hampton	8%	.85%	6.5%	3.48%	4.33%
Newport News	7.5%	.81%	6.5%	4.19%	5.00%
Norfolk	8%	.95%	6.5%	3.10%	4.05%
Williamsburg*	5%	13.41%	5%	18.91%	32.32%

**In addition to room taxes, the City of Williamsburg, James City County and York County collect a \$2.00 per night per room tax, which commenced on July 1, 2004 and will continue until January 1, 2008 per Code of Virginia, section 58.1-3823 C. The revenue generated are designated and expended solely for advertising the Historic Triangle Area. Receipts are sent to the Williamsburg Area Destination Marketing Committee each month. Also, Virginia Beach charges a flat rate tax of \$1 per night, per room.*

⁷ Williamsburg City Code, Section 18.271.

CITY OF WILLIAMSBURG – REVENUE SOURCES AND TRENDS
Fiscal Year 2007 Operating Budget

Permits, Privilege Fees and Regulatory Licenses

The City uses the Virginia Uniform Statewide Building Code (USBC), which covers new construction, renovation, demolition, plumbing, gas, mechanical, electrical, fire protection system installations and asbestos removal. The category's major components consist of building, electrical, plumbing, and mechanical permits.

A history of permit revenues are as follows:

Fiscal Year	Building	Electrical	Plumbing	Mechanical	Other*	Total
1996	41,222	9,934	12,092	11,637	21,925	96,810
1997	36,781	8,619	10,246	14,736	19,439	89,821
1998	23,392	8,589	6,565	12,366	24,241	75,153
1999	80,388	24,457	23,197	24,374	28,715	181,131
2000	53,626	22,679	18,885	22,663	45,438	163,291
2001	120,913	33,951	36,981	34,608	40,594	267,047
2002	70,343	22,674	23,537	21,117	36,314	173,985
2003	95,522	25,860	26,923	27,782	36,531	212,618
2004	119,376	42,548	40,780	35,675	67,383	305,762
2005	100,048	39,543	29,755	29,711	57,605	256,662

**Other includes dog licenses, parking, zoning, right-of-way, raffle, rental inspections, gas and fire prevention permits.*

Fines and Forfeitures

This revenue category is used to account for court and parking fines. The Court system has guidelines for setting case-related fines, while City Code sets the rates for parking fines. The Clerk of the Circuit Court collects court fines and submits receipts to the City monthly, while parking fines are paid directly to the Department of Finance. Effective January 1, 2004, the City implemented a graduated parking fine structure. During a 60-day period, which begins with the first overtime parking violation, fines will graduate as follows: 1st violation is \$10.00, 2nd violation is \$30.00 and the 3rd or more is \$50.00. Parking fines are as follows:

Overtime Parking	Parked in Handicapped	No City Decal	Parked in permit only	Late Charge
\$10, \$30, \$50	\$100	\$25	\$25	\$20

CITY OF WILLIAMSBURG – REVENUE SOURCES AND TRENDS
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Revenue collections for fines and forfeitures over the last ten fiscal years are as follows:

Fiscal Year	Court Fines	Parking Fines	Total
1996	81,348	108,285	189,633
1997	122,177	101,942	224,119
1998	141,594	107,965	249,559
1999	172,278	105,467	277,745
2000	151,837	86,166	238,003
2001	171,354	82,224	253,578
2002	190,953	91,711	282,664
2003	177,729	95,855	273,584
2004	164,346	90,360	254,706
2005	147,580	86,577	234,157

Revenue from Use of Money and Property

This revenue classification includes interest earnings on surplus funds, rental income from City- owned properties, and sale of surplus vehicles and equipment. Interest earnings reported here include only the General Fund, as Utility Fund revenues are highlighted in the next section, Budget Summaries.

Revenue collections from use of money and property over the last ten fiscal years are presented below:

Fiscal Year	Interest Earnings	Rental Income	Sale of Surplus	Total
1996	853,111	35,789	695	889,595
1997	821,605	48,095	63,694	933,394
1998	963,997	55,976	9,500	1,029,473
1999	825,655	67,778	6,108	899,541
2000	726,379	108,708	8,962	844,049
2001	987,325	128,674	135	1,116,134
2002	877,741	167,913	3,550	1,049,204
2003	509,695	213,618	31,660	754,973
2004	154,762	285,957	0	440,719
2005	464,761	378,192	0	842,953

CITY OF WILLIAMSBURG – REVENUE SOURCES AND TRENDS
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Rental income includes various rental properties. Specific charges as of January 1, 2006 are as follows:

Category	Location/Purpose	Monthly Rent
Municipal Center	U.S. Post Office-Parking Lot	\$1,300
Longhill Road Property	Duplex – 219 & 221 Longhill	\$300
Longhill Road Property	House – 223 Longhill	\$500
General Property	Chesapeake Bank-Parking Lot	\$225
General Property.	WRHA – Stryker Bldg.	\$1,339
General Property	Social Services Office space	\$2,708
Transportation Center	Rental Car	\$900
Transportation Center	Yellow Cab	\$325
Transportation Center	Williamsburg. Area Transport	\$500
Transportation Center	Hampton Roads Transit	\$60
Transportation Center	Amtrak	\$2,600
City Square	Parking & Amenities for Lots 1,2, &3	\$245.98 each plus \$49.20 per parking space

The Community Building user fees are included in rental income. The base rate for a weekday is \$150/3 hour minimum and \$300 for the weekend. The City of Williamsburg completed the construction of the Prince George Parking Garage and opened for operation in April 1, 2004. A breakdown of rental income from remaining properties over the last ten fiscal years are presented below:

Fiscal Year	Community Building	City Square	Longhill Property	Municipal Center	Stryker Building	Transportation Center	General Property	Prince George PG	Total
1996	0	0	5,280	18,360	0	0	12,149	0	35,789
1997	0	0	5,280	18,360	0	0	24,455	0	48,095
1998	0	0	5,445	42,378	0	0	8,153	0	55,976
1999	500	0	1,127	46,996	0	10,200	8,955	0	67,778
2000	18,644	6,180	1,925	46,996	0	10,925	24,038	0	108,708
2001	25,438	9,965	6,738	55,716	1,750	12,400	16,667	0	128,674
2002	25,100	19,804	3,988	59,543	4,450	38,500	16,528	0	167,913
2003	35,000	39,460	7,478	14,374	4,250	45,972	67,084	0	213,618
2004	32,206	36,908	7,395	14,466	3,400	50,386	118,660	22,536	285,957
2005	39,922	38,016	8,610	15,650	6,950	50,104	71,947	146,993	378,192

CITY OF WILLIAMSBURG – REVENUE SOURCES AND TRENDS

Fiscal Year 2007 Operating Budget

Charges for Services

The City uses this revenue classification to account for various revenue sources requiring charges. Minor amounts are included under Sheriff's fees and Commonwealth Attorney's fees, of which the City has no control over. Likewise, charges for correction & detention are for work release fees from the Sheriff's Department. Also included are charges for maintenance of highways, streets, and sidewalks, which is used for billing special mowing or trash pickup and are of minimal dollar amounts each year. The largest item under this category is Charges for Parks & Recreation. City Code authorizes the Recreation Department to set and collect charges for programs and activities for use of its facilities and services. Charges for Services collected over the past ten years are shown below:

Fiscal Year	Sheriff's Fees	Commonwealth Attorney's Fees	Correction & Detention	Mtce, Hwys, Streets, etc.	Parks & Recreation	Planning & Comm. Dev.	Total
1996	1,251	903	18,930	723	226,755	15,924	264,486
1997	1,366	755	19,250	60	229,015	24,533	274,979
1998	1,366	745	0	0	245,484	74,686	322,281
1999	1,366	1,426	0	35	266,479	46,535	315,841
2000	1,366	877	0	3	264,765	67,791	334,812
2001	1,366	717	1,680	0	265,272	50,773	319,808
2002	1,366	728	0	0	291,421	47,598	341,113
2003	1,366	534	0	0	297,674	45,774	345,348
2004	1,366	414	0	0	270,705	45,360	317,845
2005	1,366	412	0	0	316,991	46,257	365,026

Recreation fees for the last ten fiscal years are highlighted in detail below:

Fiscal Year	Pool Fees	Tennis Fees	Waller Mill Park	Vending Machines	Classes	Athletics	Fishing Licenses	Misc.	Total
1996	5,986	12,957	34,831	7,737	55,273	100,101	1,413	8,457	226,755
1997	5,470	12,124	34,938	6,677	57,889	107,980	3,869	68	229,015
1998	5,923	10,245	36,810	9,059	59,903	116,180	6,270	1,094	245,484
1999	7,210	11,537	38,695	8,665	64,597	125,444	7,503	2,828	266,479
2000	7,491	9,498	37,450	10,117	60,749	131,192	5,881	2,387	264,765
2001	4,059	9,446	39,378	8,345	57,903	135,580	6,311	4,250	265,272
2002	6,173	11,445	44,259	7,788	64,502	136,012	6,522	14,720	291,421
2003	6,225	11,588	40,608	7,342	64,953	141,987	7,028	17,943	297,674
2004	6,342	10,352	44,111	4,153	49,769	133,219	4,901	17,858	270,705
2005	5,379	11,959	51,361	3,844	42,804	168,737	5,075	27,832	316,991

CITY OF WILLIAMSBURG – REVENUE SOURCES AND TRENDS
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Charges for Planning & Community Development include minor amounts for maps and surveys, with the largest dollars attributable to the sale of cemetery lots. Cemetery lot sales and grave opening fees over the last ten fiscal years are as follows:

Fiscal Year	Cemetery Lot Sales	Grave Openings
1996	10,440	2,840
1997	16,900	5,105
1998	54,682	13,725
1999	22,278	16,150
2000	39,660	26,000
2001	22,700	26,650
2002	19,507	26,725
2003	20,167	23,275
2004	19,526	23,400
2005	22,450	21,675

REVENUE FROM THE COMMONWEALTH

Monies received from the Commonwealth of Virginia are classified as either Non-categorical or Categorical aid. Non-categorical revenues are received quarterly according to State code, are not billed or itemized by the City or any constitutional officer, and are not designated to be used for any specific purpose. These are essentially put in to the General Fund and used to pay for overall operations. Categorical aid must be spent on specific purposes. In the case of constitutional officers, expenditures are itemized and sent to the Commonwealth for reimbursement, based on various formulas provided for by state code.

Non-categorical Aid

Items included in this classification, and a brief description of how City revenues are calculated are shown below:

1. ABC Profits - Total net profits for ABC sales for the state are determined by the Department of Alcoholic Beverage Control, and reported to the Department of Accounts quarterly for distribution to localities. The funding formula for ABC profits is: Locality population (based on latest census) ÷ total state population X net profits
2. Wine Taxes - 40¢/ liter wine tax is charged on all wine sold in Virginia. Taxes are remitted to the Department of Taxation, and 44% of the tax is re-distributed to localities based on the share of each locality's respective population.

CITY OF WILLIAMSBURG – REVENUE SOURCES AND TRENDS
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3. Rolling Stock Taxes - The State Corporation Commission determines the assessed value of “Certified Motor Vehicle Carriers” [primarily bus companies] and assesses a property tax at the rate of \$1 per \$100 value. These revenues are distributed quarterly to the localities based on the miles the vehicles travel throughout the localities [based on reports submitted from the carriers].
4. Rental Car Taxes - Payments received from the Commonwealth are based on rental car taxes collected by rental companies within each jurisdiction. A 4% rental car tax is required to be assessed on all rental vehicles (prior to July, 1997 the tax applied only to rented passenger cars). Rental companies submit the taxes monthly to DMV with a report by locality. The Commonwealth distributes these funds quarterly to localities.
5. Grantor’s Tax - The Clerk of the Circuit Court collects additional recording fees for this purpose, details monthly activity, and deposits these receipts in a State Account. Activity is separated at the courthouse for deeds relating to Williamsburg or James City County. Funds are distributed quarterly by the Commonwealth, from a \$10 million fund [\$40 million per year] to localities based on their share of overall grantor tax collections in the Commonwealth.
6. 599 Funds - Each locality in the Commonwealth is eligible to receive a percentage of the total amount to be distributed equal to the percentage of the total adjusted crime index attributable to each locality as determined by the Department of Criminal Justice Services. The City must notify the Department prior to July 1 each year that its law enforcement personnel have complied with minimum training standards as provided for by State Code. These distributions are made quarterly.

Non-Categorical Aid received over the last ten fiscal years are as follows:

Non-Categorical Aid							
Fiscal Year	ABC Profits	Wines Taxes	Rolling Stock Taxes	Rental Car Taxes	Grantor’s Taxes	599 Funds	Total
1996	29,479	15,021	9,017	16,487	70,091	145,844	285,939
1997	28,315	15,730	8,684	19,961	84,371	145,844	302,905
1998	19,640	15,689	8,349	13,995	69,738	145,844	273,255
1999	32,926	16,117	17,384	15,680	67,295	145,844	295,246
2000	35,142	17,262	7,968	8,776	67,361	278,412	414,921
2001	30,504	17,542	10,026	5,502	75,648	315,705	454,927
2002	32,614	16,912	8,979	9,754	47,050	307,807	423,116
2003	14,518	13,442	6,907	12,057	48,940	305,013	400,877
2004	18,297	11,342	6,773	8,138	61,944	304,172	410,666
2005	7,035	7,373	6,906	5,737	49,980	340,364	417,394

CITY OF WILLIAMSBURG – REVENUE SOURCES AND TRENDS

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Categorical Aid

The City's Comprehensive Annual Financial Report classifies categorical aid into four sub-categories:

1. Shared Expenses - Constitutional offices included as City departments/operations with reimbursements provided (in-part) by the Commonwealth of Virginia.
2. Welfare - Pertaining to the City's general fund, only minor amounts of reimbursements are accounted for here. Virtually all of the City's Human Services programs are accounted for as a special revenue fund.
3. Education - The governor's distribution of state sales tax monies dedicated to education.
4. Other Categorical Aid - Largely the reimbursement for street/highway maintenance monies.

Shared Expenses

1. Sheriff - This is a joint activity shared with James City County. The state refunds approximately 100% of state-approved salaries and operating costs of this department. However, since the City now is part of the Virginia Peninsula Regional Jail Authority, the Sheriff now provides only courtroom security and prisoner transfer activities. Jail staffing at the Courthouse has been significantly reduced, as many former employees now work for the Authority. Reimbursements will continue for existing employees, and salaries and fringe benefits will continue to be based on state-approved figures. As in the past, any salary supplements will not be reimbursed.
2. Commissioner of the Revenue - State code provides for reimbursements to the City at 50% of salaries, fringe benefits and a minor portion of operating expenses. Any constitutional officer can make any special requests for payment to the Compensation Board for additional consideration. For the City's Comprehensive Annual Financial Report dated June 30, 2005 total reimbursements for Fiscal Year 2005 were 43.41% of expenditures.
3. Treasurer - This is also a joint activity shared with James City County. The state reimburses the City 2/3 of salary, fringe benefits, and operating costs for the Deputy Treasurer, whose office is in the Municipal Building. The City, in turn, bills James City County 25% of the non-reimbursed amount annually. In the City's Comprehensive Annual Financial Report, only the State reimbursed monies are classified as Categorical Aid. Any reimbursements from James City County are classified as "Miscellaneous" revenues, so an exact ratio of reimbursements to expenditures is impossible to compute, based on the CAFR.
4. Medical Examiner - Reimbursed at \$30 per examination.

CITY OF WILLIAMSBURG – REVENUE SOURCES AND TRENDS
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5. Registrar/Electoral Board - Salaries are reimbursed by the State at 100% for the Registrar and the Electoral Board members. No reimbursements are made for fringe benefits or operating supplies. The Department of Finance bills the State Electoral Board annually. No salary supplements are made for the Registrar or board members.

Welfare

In prior years the City accounted for miscellaneous general relief reimbursements through the General Fund. This activity is accounted for as a special revenue fund, and is included in the City's Comprehensive Annual Financial Report in the Virginia Public Assistance Fund.

Education

State Sales Tax for Education -The Governor distributes 1% of statewide sales tax receipts to every school district based on state census figures provided for school-age population. This is adjusted with each triennial census performed by the joint school system and verified by the localities.

Categorical Aid received over the last ten fiscal years are as follows:

Categorical Aid								
Shared Expenses						Welfare	Education	
Fiscal Year	Sheriff	Comm. Of Rev.	Treasurer	Medical Examiner	Registrar/ Electoral Bd.	Welfare	State Sales Tax	Total
1996	746,723	60,849	22,129	90	31,141	7,944	430,400	1,299,27
1997	753,705	62,889	22,648	150	33,011	0	454,964	1,327,63
1998	120,879	66,468	24,055	90	34,239	0	479,154	724,885
1999	0	70,188	20,741	240	35,528	0	515,131	641,828
2000	0	75,571	19,570	90	36,341	0	465,182	596,754
2001	0	76,788	22,065	210	40,975	0	458,015	598,053
2002	0	74,428	23,077	180	40,642	0	429,304	567,631
2003	0	69,944	19,281	210	37,647	0	482,361	609,443
2004	0	69,689	18,983	270	36,985	0	559,110	685,037
2005	0	71,946	19,556	450	44,049	0	657,483	793,484

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Other Categorical Aid

Other aid received from the Commonwealth and designated for specific use includes:

1. Arts Commission - Grant funds are applied for by the City and James City County to the Commonwealth for the Local Government Challenge Grant Program. Funds are received directly by each locality. James City County reimburses the City for the State portion, and also an additional amount each year as provided for during the annual budget process. Since Fiscal Year 1998 *each* locality has received the \$5,000 state maximum allowed under this grant.

Total funds received for the Arts Commission over the last ten fiscal years are as follows:

Fiscal Year	Arts Commission Receipts	% Change
1996	29,313	33.73%
1997	30,465	3.93%
1998	41,580	36.48%
1999	56,540	35.98%
2000	67,300	19.03%
2001	65,550	(2.60%)
2002	68,925	5.15%
2003	69,425	.73%
2004	69,175	(.36%)
2005	73,150	5.75%

2. Street and Highway Maintenance - The City is reimbursed quarterly by the Commonwealth according to lane miles of streets within its boundaries. For Fiscal Year 2005-2006 reimbursements for principal/minor arterial roads are \$14,998 per lane mile, while collector/local streets are at a rate of \$8,805 per lane mile. Lane miles used to calculate reimbursement change only when additional roads are built in the City. For Fiscal Year 2005-2006 the total revenue for street and highway maintenance will be \$1,229,662 based on peak hour moving lane miles of state arterial roads in the City of 39.39 miles, and local streets of 72.56 lane miles. Payment rates change periodically, and are at the discretion of the Commonwealth of Virginia.

CITY OF WILLIAMSBURG – REVENUE SOURCES AND TRENDS
Fiscal Year 2007 Operating Budget

Street & Highway Maintenance receipts over the last ten fiscal years are as follows:

Fiscal Year	Street & Highway Mtce Receipts	% Change
1996	823,487	7.11%
1997	836,815	1.62%
1998	879,039	5.05%
1999	898,477	2.21%
2000	922,114	2.63%
2001	985,719	6.90%
2002	1,037,194	5.22%
2003	1,082,951	4.41%
2004	1,131,859	4.52%
2005	1,169,565	3.34%

4. Emergency Services - Each year funds are received for Radiological Emergency Preparedness. These funds support the activities of state agencies and certain local governments in establishing, maintaining, and operating emergency plans, programs and capabilities to deal with nuclear accidents⁸. In this area, monies go into a state fund from Dominion Power. Williamsburg uses these funds to assist in developing our emergency plans and preparedness program. Annual training exercises are performed, within program guidelines, and are coordinated throughout the geographic area with other local governments and Dominion Power. Amounts received each year are based on the projected annual cost of administering the state and local governments' programs for the power stations. Emergency services program receipts over the last ten fiscal years are as follows:

Fiscal Year	Emergency Services Program Receipts
1996	10,000
1997	12,500
1998	6,141
1999	16,380
2000	0
2001	25,000
2002	32,117
2003	3,920
2004	35,000
2005	37,000

⁸ Va Dept of Emergency Services - Funding to State and Local Government Agencies and Supporting Organizations, June, 1992

CITY OF WILLIAMSBURG – REVENUE SOURCES AND TRENDS
Fiscal Year 2007 Operating Budget

5. Fire Programs - This is a special appropriation to localities to be used for fire service training, training facilities, and fire-fighting equipment or vehicles. Localities must provide detailed expenditure reports annually to qualify for these funds. All monies received must be spent in the year of receipt.

Fire program receipts over the last ten fiscal years are as follows:

Fiscal Year	Fire Program Receipts	% Change
1996	14,055	17.7%
1997	14,059	.03%
1998	14,625	4.03%
1999	14,979	2.42%
2000	14,687	(1.95%)
2001	16,203	10.32%
2002	16,203	0%
2003	16,080	(.76%)
2004	17,902	11.33%
2005	0	(100%)

6. EMS Funds- Four for Life - State Code provides for an additional \$4 per year to be charged and collected when registrations for pickups, panel trucks, and motor vehicle are made at the Department of Motor Vehicles. These monies are paid into the State treasury to be used for emergency medical service purposes. Twenty-six percent of these funds are returned to the localities where the registrations were made. It supports volunteer and paid-personnel training, equipment, and supplies for emergency purposes. Four for Life receipts over the last ten fiscal years are as follows:

Fiscal Year	Four for Life Receipts	% Change
1996	5,175	(7.34%)
1997	5,537	7.00%
1998	5,136	(7.24%)
1999	5,175	.01%
2000	5,168	(.14%)
2001	5,529	6.99%
2002	5,501	(.51%)
2003	5,559	(1.05%)
2004	6,176	11.10%
2005	6,742	9.17%

CITY OF WILLIAMSBURG – REVENUE SOURCES AND TRENDS
Fiscal Year 2007 Operating Budget

7. Litter Control - The City receives this annual grant from the Department of Waste Management to aid in litter control. Monies are used for litter prevention, elimination and control. The grant must be applied for each year, and an accounting is made each year to verify that funds are spent appropriately. Amounts vary each year depending on available funds and local program requirements. Revenues for litter control over the last ten fiscal years are as follows:

Fiscal Year	Litter Control Receipts
1996	5,343
1997	3,962
1998	4,920
1999	5,645
2000	5,417
2001	5,827
2002	5,143
2003	4,784
2004	4,495
2005	4,375

REVENUE FROM THE FEDERAL GOVERNMENT

The City's Comprehensive Annual Financial Report itemizes Federal receipts on the Schedule of Federal Awards, according to the Catalog of Federal Domestic Assistance catalog numbers. Human Services programs account, by far, for the majority of the City's federal funds. These are for various programs, and are accounted for in the Public Assistance Fund. The Community Development Block Grant fund is an independent fund used to account for community improvements, such as the current Braxton Court Project. For General Fund purposes, only limited sources of federal funding exist. These programs are highlighted:

1. Local Law Enforcement Block Grant - The City must apply for these funds each year through the Department of Justice, and specify the purpose for which funds will be used. The City was granted \$7,133 in Fiscal Year 2005, to be used to underwrite projects to reduce crime and improve public safety, specifically crime prevention. The City provided a local match [as a grant requirement] in the amount of \$793. A specific interest-bearing checking account is used for this grant, and detailed quarterly reports must be filed until the funds are used in full.

CITY OF WILLIAMSBURG – REVENUE SOURCES AND TRENDS
Fiscal Year 2007 Operating Budget

2. Department of Emergency Services - These funds are administered by the Federal Emergency Management Agency (FEMA). The City of Virginia Beach acts as fiscal agent for this program. Funds are received for disaster assistance and hurricane preparedness, and more specifically, are intended to supplement the cost of deploying the City's Emergency Management team in accordance with FEMA requirements during natural disasters. During Fiscal Year 1996 the City received \$13,169 for a winter storm and hurricane assistance. Fiscal Year 1997 recovered \$4,348 for additional assistance from the FEMA team. During Fiscal Year 1999, the City received \$135,643 for a winter ice storm. For Fiscal Year 2000, the City received \$89,045 reimbursement for Hurricane Floyd and the January snow storm. No funds were received for Fiscal Year 2001, 2002 or 2003. For Fiscal Year 2004, the City received \$1,084,070 reimbursement for Hurricane Isabel. In Fiscal Year 2005, an additional \$970 was received for Hurricane Isabel reimbursement.

3. Department of Homeland Security - These funds are federal pass-thru grants administered by the Commonwealth of Virginia. The City received a total of \$186,425 in Fiscal Year 2005. Majority of the funds were specifically designated to upgrade and support local interoperable communication projects. Also included were funds for the Citizen Corps Project and the Citizen Emergency Response Team training.

4. Department of Transportation - These funds are federal pass thru grants administered by the Department of Motor Vehicles. In Fiscal year 2005, the City received \$13,000 all used to purchase police equipment.

POTENTIAL REVENUE SOURCES

State Code Section 58.1-3840 allows cities or towns to charge excise taxes on *admissions*, which the City does not impose. As of July 1, 2005, the City began a program of billing health insurance providers for emergency medical transportation services.

CITY OF WILLIAMSBURG - EXPENDITURE CLASSIFICATIONS
Fiscal Year 2007 Operating Budget

PERSONNEL EXPENSES

1000 SALARIES AND WAGES

- 1001 Salaries
 Compensation for all full time employees who hold permanent positions.
- 1002 Salaries-Overtime
 Compensation for overtime and holiday pay for all eligible employees in accordance with the Personnel Manual.
- 1003 Salaries, Part-time Employees
 Compensation for all part time employees (less than 40 hours per week) who are paid on an hourly basis and are not eligible for all employee benefits. (See Personnel Manual)
- 1005 Salaries-Temporary
 Compensation for employees who are working on a temporary basis. (See Personnel Manual)
- 1006 Discretionary Leave
 Compensation for police, fire, or water plant personnel who must work on stated holidays. (See Personnel Manual)
- 1008 Traffic Control
 Compensation for police department personnel who work extra hours for traffic control purposes.
- 1009 Off-Duty Policemen
 Compensation for police personnel hired by outside establishments after regular working hours. (City is reimbursed by contracting party.)

2000 FRINGE BENEFITS

- 2001 FICA
 Employers share of Social Security Taxes.
- 2002 Virginia Retirement System (VRS)
 Cost of contributions to Virginia Retirement System for all fulltime employees. VRS enrollment is mandatory for all full-time employees, and paid as a percentage of base salary.

CITY OF WILLIAMSBURG - EXPENDITURE CLASSIFICATIONS
Fiscal Year 2007 Operating Budget

2005	Hospitalization City's cost for medical benefit package premiums, including dental.
2006	Group Life Insurance City's cost for VRS group life insurance policy.
2009	Unemployment Insurance Costs for unemployment insurance.
2010	Worker's Compensation Costs for worker's compensation insurance.
2012	Clothing Allowance Costs associated with purchase of clothing by designated personnel.
2013	Education Allowance Costs for tuition assistance.
2016	Training Costs associated with training fire, police, and water plant personnel.
2021	Cleaning Allowance Costs associated with cleaning of uniforms and clothing.
<u>3000</u>	<u>PROFESSIONAL SERVICES</u>
3001	Professional Health Services Costs associated with medical services such as physicals for certain employees.
3002	Professional Services-Other Costs for legal, financial, engineering, and other specialized professional services.
3004	Repair and Maintenance Costs for services for repair or maintenance of city equipment and structures.

CITY OF WILLIAMSBURG - EXPENDITURE CLASSIFICATIONS
Fiscal Year 2007 Operating Budget

3004-	1	Cars and Trucks
	2	Buildings
	3	Office Equipment
	4	Powered Equipment
	5	Street Signs, Markings, and Water Meters
	6	Traffic Signals
3005		Service Contracts Costs for all service contracts except radio.
3006		Printing Costs associated with the printing of forms, documents, manuals, etc.
3007		Advertising Costs for classified and legal advertisements.
3008		Laundry and Dry Cleaning Costs associated with uniform rental.
3009		Purchase of Services Costs for purchasing of services and supplies from other governmental agencies (do not include joint activities).
3013		Jurors, Commissioners, Witnesses Costs associated with court trials and legal disputes.
3031		Garbage Contract Costs for garbage pick-up and disposal.
3032		HRSD Costs for treatment of raw sewage by Hampton Roads Sanitation District.
3033		Exterminating Costs for extermination contracts for city-owned buildings.
3099		Detective Funds Costs associated with police work.

CITY OF WILLIAMSBURG - EXPENDITURE CLASSIFICATIONS
Fiscal Year 2007 Operating Budget

<u>5000</u>	<u>PURCHASE OF GOODS AND SERVICES</u>
5101	Electricity Costs of electricity (Dominion Power).
5102	Heating Fuel Purchase of natural gas and heating oil.
5103	Water and Sewer Costs of water and sewer services.
5201	Postage Stamps, stamped envelopes, postage meter costs, permit fees, etc.
5203	Telecommunications Costs incurred for land-line, cellular phone, and pager service.
5204	Radios Cost of operating city-wide radio systems.
5205	Emergency "911" Costs of operating emergency lines for the dispatch operation.
5301	Boiler Insurance Costs of insuring heating plants, generators, and other mechanical equipment.
5302	Fire Insurance Costs of insuring buildings and contents against fire.
5305	Motor Vehicle Insurance Costs of insurance for motor vehicles.
5306	Surety Bonds Costs for surety bonds for certain city personnel.
5307	Public Officials Liability Costs of insuring certain public officials against suits, etc.
5308	General Liability Insurance Cost of insuring the city against certain accidents, etc.

CITY OF WILLIAMSBURG - EXPENDITURE CLASSIFICATIONS
Fiscal Year 2007 Operating Budget

5401	Office Supplies Costs of office supplies such as envelopes, pens, pencils, paper, forms, etc. used in everyday office operations.
5402	Food and Food Service Supplies Costs of providing miscellaneous food or supplies at Fire Station.
5403	Agricultural Supplies Costs for care and treatment of plants, lawns, landscaping, including small tools.
5404	Material and Lab Supplies Costs for purchasing medical and laboratory supplies for appropriate city departments.
5405	Laundry, Housekeeping and Janitorial Supplies Costs of custodial and housekeeping supplies, including lightbulbs.
5406	Linen Supplies Costs of linens used in Fire Department.
5407	Repair and Maintenance Supplies Costs of building material supplies, paint, electrical, and plumbing supplies.
5408	Vehicle and Powered Equipment Supplies Supplies for cars, trucks, heavy equipment, etc. used by City Shop.
5408- 1	Cars and trucks
2	Tires and tubes
3	Gas and oil for vehicles
4	Powered equipment - light and heavy
5	Sign and street marking supplies
6	Generator fuel
5409	Police Supplies Costs of items such as guns, ammo, flashlights, etc.
5410	Uniforms and Wearing Apparel Costs for uniforms, protective clothing, boots, overalls, and other items or working apparel provided to employees.

CITY OF WILLIAMSBURG - EXPENDITURE CLASSIFICATIONS
Fiscal Year 2007 Operating Budget

5411	Books and Subscriptions Costs for professional periodicals, books, and publications.
5412	Recreation Supplies Costs for supplies used for Recreation Department programs.
5413	Other Operating Supplies Costs for chemicals and other supplies not covered in other accounts.
5414	Merchandise for Resale Costs of vending machine merchandise.
5415	Fire Prevention Materials Costs of materials used by Fire Department for fire prevention.
5416	Pool Supplies Costs of supplies for operation of Quarterpath Pool.
5417	Water Meters Costs of purchasing water meters for the Utility Fund.
5418	Litter Control Costs associated with litter pickup.
5501	Travel Expense Mileage reimbursement @ 32.5¢/mile for approved use of private vehicles for job-related travel.
5504	Travel (Conferences and Conventions) Costs for lodging, transportation, registration fees, and materials. All travel must have prior department head approval.
5602	Colonial Services Board Costs of City's contribution to CSB.
5604	Contributions to Other Agencies Donations to outside organizations approved by City Council.
5801	Dues and Memberships Costs for dues and memberships in professional organizations.

CITY OF WILLIAMSBURG - EXPENDITURE CLASSIFICATIONS
Fiscal Year 2007 Operating Budget

- 5805 Other
 Costs (non-recurring) not budgeted under other accounts.
- 5838 Principal
 Repayment of long term debt principal.
- 5839 Interest
 Interest payments on long term debt.
- 5899 Joint Activity
 Payments to James City County for jointly operated departments and agencies.

7000 FIXED ASSETS

- 7001 Machinery and equipment
- 2 Furniture and fixtures
- 3 Communication equipment
- 5 Motor vehicles
- 7 ADP Equipment
- 8 Pedestrian Improvements
- 9 Street resurfacing
- 10 Building alterations

8000 LEASES AND RENTALS

- 8001 Lease and Rental of equipment
 Cost for temporary rental or lease of equipment
 (no lease-purchase agreements).
- 8002 Lease and Rental of buildings
 Costs for rental or lease of office or storage space.

Agency/Organization

List of Other Contributors

Notes

Constitutional Officers
(Generally)

Salaries for these officers are approved by the State Compensation Board. The state pays a portion of salary, benefits, and operating costs. The City pays salary supplements in some cases, most fringe benefits, and some operating costs.

Commissioner of the Revenue
State

The City provides office space for this officer and staff. The State reimburses the City for 50% of salary, fringes and some operating expenses. The reimbursable portion of the Commissioner's salary is based on the 1980 salary amount divided in half plus any increase in pay since that date. The State pays 50% of 2 full-time positions allowed based on population. A salary supplement is provided by the City. The State reimburses half the employer cost of VRS (Retirement), FICA, and Group Life insurance. The balance of fringes is paid by the City. 50% of temporary personnel salaries and fringes are paid by the State with the balance paid by the City. The staff participates in all City employee programs (e.g., health insurance, deferred and workers compensation), including the Pay Plan.

Treasurer
State

The State reimburses the City and JCC for half the cost of the Treasurer and staff. The City, State and JCC share in the local cost of the Treasurer. The State reimburses 91.3% of state approved salary, and half the employer cost of VRS and FICA. JCC bills the City for half of the non-reimbursable costs for the Treasurer. Office space is provided by both localities. The State reimburses the City for 66.7% of salary, fringes, and operating costs for the City Deputy Treasurer, whose office is located in the Municipal Building. The City bills JCC for 25% of the non-reimbursable costs for salary and fringes associated with the City Deputy Treasurer position for her work associated with W/JCC Schools.

Agency/Organization

List of Other Contributors

Notes

Clerk of Circuit Court

JCC, State

The State funds salaries and a portion of fringes and operating expenses for the Clerk and staff. A portion of fringe benefits is supplemented. Eleven positions in this office are fully State funded. Two part-time positions are locally funded. All temporary part-time personnel costs are reimbursed by the State, but not permanent part-time. These part-time salaries and some fringes are paid by the City and County per the Courthouse Agreement (See Circuit Court).

Commonwealth Attorney

JCC, State

The Compensation Board sets the salaries for the Commonwealth's Attorney, four assistants, and a support staff of three full-time and one part-time positions. All but one staff positions receive a salary supplement, ranging from 3.97% to 24.54%, paid by the City and JCC based on the Courthouse Agreement. In addition, the Victim's Assistance program consists of three grant positions, two of which are supplemented locally. The balance of any fringes in excess of the amount provided by the State is paid by the City and JCC.

Sheriff's Department

JCC, State

The joint Williamsburg/James City County Sheriff is responsible for courtroom security and serving civil warrants, but no longer handles jail facilities since the City became part of the Va Peninsula Regional Jail Authority. City/JCC share local cost on a population formula as provided in the City/County Joint Courthouse Agreement. Payroll and operating expenses have been administered by James City County since January 1, 1998. The state compensation board will reimburse the County for state-approved salaries, benefits, and some operating expenses. Salary supplements and a portion of unreimbursed operating expenses are shared locally based on the Courthouse Agreement. Sheriff's employees participate in the JCC's worker compensation, health insurance, and Va Retirement System programs.

Agency/Organization

List of Other Contributors

Notes

Voter Registrar

Board of Elections, State

The State pays 100% of the Registrar's salary. Costs associated with one full-time and one part-time employee, fringe benefits, and operating costs are paid by the City. This staff participates in the City's workers compensation, health insurance and other employee programs. The City provides accounting and payroll services.

Circuit Court (Powell)

State

The City and JCC share in the cost of the Judge's secretary, jurors, capital outlay, and operating expenses of this office. City and JCC also fund a Legal Assistant position for the Circuit Court Judge. The Judge's salary is paid by the State.

The City/JCC agreement dated December 12, 1996 provides for joint operations of all courthouse activities. All courthouse personnel and operating costs which are the responsibility of local government are split between the City and County based on population, and is updated as of December each year.

General District Court (Killilea)

The City and JCC share in the cost of operating expenses and capital outlay for this office based on the Courthouse Agreement. The Judge's salary is paid by the State.

Juvenile and Domestic Rel. Court
(Fairbanks) JCC, State

The City and JCC share in the cost of operating expenses for this office based on the Courthouse Agreement. The Judge's salary is paid by the State.

Ninth District Court Services Unit
Juvenile Probation Office State,
JCC, York, Charles City, King
William, King & Queen, Mathews,
Gloucester, New Kent, Middlesex,
Poquoson

Salaries and fringes for this office are paid by the State. Local operating costs are shared between the City and JCC. For the District office, the City pays 1/11th of the operating costs. In addition, the City pays actual juvenile detention expenses for the Merrimac Center through the Middle Peninsula Juvenile Detention Commission for City cases.

Agency/Organization

List of Other Contributors

Notes

Colonial Group Home Commission

JCC, York, and Gloucester Counties
State Dept of Youth & Family Svcs.

Funded through State block grant and per diem revenues. Programs include Crossroads, Family Oriented Group Home, and Bridges.

Health District

State, Newport News, JCC
York County, Poquoson

Contribution is based on funding formula which apportions local share among district jurisdictions. Some monies are refunded to City based on generated revenues.

Colonial Services Board

(Chapter X)
State Funds, York Co.
JCC, Poquoson
Federal Funds
Fee Revenue (clients, BC/BS,
Medicare, Medicaid, etc)

Funded at discretion of Council. Funding request is based on population and usage.

Department of Human Services

State, Federal Dept. of Health
& Human Services

Approximately 70% of personnel and operating costs are reimbursed by the State and Federal governments. The Department pays monthly rent to the City, which qualifies for a portion of that expense to be repaid by State and Federal programs.

**Williamsburg-James City Co.
Schools**

Local funding share is apportioned between the City and JCC based on the Joint Schools Agreement, as amended in 1991, 1996, and 2001. The fifth year of a revised 5-year contract begins in FY 2007, with the City paying local operating and capital costs in proportion to its student population, times an add-on factor that varies by year. State support of approximately 30% of total school system cost is based on formula and General Assembly appropriations. Federal funding is received and largely directed to categorical programs, and received on a cost-reimbursement basis.

Agency/Organization

List of Other Contributors

Notes

Williamsburg Regional Library

JCC, State funds, York County
and generated revenues

Effective July 1, 1999 the City/County cost sharing is governed by a new five-year agreement. Operating costs are shared based on usage. Each jurisdiction pays for the capital costs associated with the library buildings located therein. York County also contributes at the discretion of its Board of Supervisors. The State contributes approximately 7% of total operating costs on a formula basis.

Avalon Center for Women/Children

United Way, State Housing Dept.
JCC, Fund-raising, York County
VA Health Dept.

Funded at discretion of Council per advice of Human Services Review Committee.

Foster Grandparents Program

Hampton, JCC, Newport News,
York County, Federal Funds

Funded at discretion of Council per advice of Human Services Review Committee.

Peninsula Agency on Aging

State and Federal funds, Newport
News, Hampton, Poquoson, JCC,
York County, private donations

Funded at discretion of Council per advice of Human Services Review Committee

Historic Triangle Senior Center

JCC, York

Funded at discretion of Council per advice of Human Services Review Committee.

Community Action Agency

JCC, Donations, State/Fed. Grants

Funded at discretion of Council per advice of Human Services Review Committee.

CHIP of Virginia

Public/private partnership-
Partner agencies, corporations,
Foundations, individuals, local gov'ts

Funded at discretion of Council per advice of Human Services Review Committee.

Agency/Organization

List of Other Contributors

Notes

Hospice of Williamsburg

Funded at discretion of Council per advice of Human Services Review Committee.

Williamsburg Area Transport
JCC, York County, State Funds

Funded at discretion of Council. Agency administers the regional transit system serving residents, visitors, and students through fixed-routes, and services disabled in the City, JCC, and the Bruton District of York County.

Newport News Library (for Blind/Physically Handicapped)
JCC, York County, Newport News

Receives contributions based on flat fee per client, at discretion of Council per advice of Human Services Review Committee

Colonial Williamsburg Foundation
Endowments, generated revenue, private contributions

Funded at discretion of Council for purpose of purchasing advertising time to attract visitors to Colonial Williamsburg.

Chamber of Commerce and Tourism Bureau
Interest Income, JCC, York County, Williamsburg Hotel/Motel Assoc., Membership programs

Funded at discretion of Council. 80% of City funding goes to Tourism Bureau marketing programs, 20% for general Chamber operations.

Hampton Roads Partnership
Hampton Roads communities, businesses, civic organizations, military, and educational institutions

Provides regional leadership to focus on those strategic issues that will improve Hampton Roads' competitive position in the global economy. Funded at discretion of Council.

Hampton Roads Planning District Commission and Metropolitan Planning Organization (MPO)
JCC, Newport News, Poquoson, Hampton, Gloucester, York County, Tidewater jurisdictions, State and Federal Funds

City share is based on per capita membership assessment.

Agency/Organization

List of Other Contributors

Notes

**Hampton Roads Economic
Development Alliance/Peninsula
Council for Workforce Development**
Hampton, Newport News, JCC,
York County, Gloucester, Poquoson

Funded at discretion of Council.

Thomas Nelson Community College
State, Newport News, JCC,
Poquoson, York Co., Hampton

Funded at discretion of Council. Funding
based on population formula for improvements
to parking and site, not buildings.

**Colonial Soil and Water
Conservation District**
State, JCC, York

This is a State agency and is primarily funded by the
State. Historically, the CSWCD member
jurisdictions have shared in the cost of funding one
position.

Williamsburg Area Arts Commission
JCC, State funds

Funded at discretion of Council. Agency
recommends funding to over 30 groups and
monitors how arts groups spend funds.

Animal Control
JCC

The City pays JCC to provide animal control services
under 1993 inter-local agreement.

Heritage Humane Society
JCC

Funded at discretion of Council. City leases Waller
Mill Road animal shelter to the Society for \$1
a year, and provides major building maintenance
free of charge.

**Virginia Peninsula Public
Service Authority**
JCC, York County, Hampton,
Newport News, Poquoson, and
Middle Peninsula jurisdictions

The City share is based on a budget formula
adopted by the VPPSA Board of Directors.

Agency/Organization

List of Other Contributors

Notes

Virginia Peninsula Regional Jail Authority

JCC, York County, Poquoson, Dept. of Corrections

The city shares in the cost of operating this authority. VPRJA operates a regional jail on Route 143 in lower James City County. City pays its share based on number of prisoners held.

Information & Referral Service-United Way

JCC, York County, Williamsburg Hotel/Motel Assoc., membership programs

Funded at discretion of Council per advice of Human Services Review Committee

Jamestown-Yorktown Foundation

JCC, York County, State grants, private donations, admissions

Funded at discretion of Council

Colonial C.A.S.A.

State grants, private donations, JCC

Funded at discretion of Council per advice of Human Services Review Committee

Williamsburg Aids Network

Donations

Funded at discretion of Council per advice of Human Services Review Committee

Williamsburg Extension Service

State

Funded at discretion of Council per advice of Human Services Review Committee

Williamsburg Area Medical Assistance Corporation

State and JCC

Funded at discretion of Council per advice of Human Services Review Committee

The City's accounting system is organized on the basis of funds and groups of accounts, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues and expenditures or expenses. The various funds are grouped in the financial statements as follows:

Governmental Funds account for the expendable financial resources, other than those accounted for in proprietary or fiduciary funds. The Governmental Fund measurement focus is upon determination of financial position and changes in financial position, rather than upon net income determination as would apply to a commercial enterprise. The individual Governmental Funds which are budgeted are the General Fund and Sales Tax Fund, which are combined in the General Fund as presented in the City's Comprehensive Annual Financial Report (CAFR) each year.

General Fund - This fund accounts for all revenues and expenditures of the City which are not accounted for in other funds. Revenues are derived from general property taxes, other local taxes, licenses and permits, and revenues from other governmental units.

Sales Tax Fund (also referred to as General Capital Improvement Program) - This fund accounts for scheduled major capital improvements for the upcoming year. Revenues are traditionally derived from the 1% Sales Tax monies collected monthly at the State level, and interest earnings.

Proprietary Funds account for operations that are financed in a manner similar to private business enterprises. The Proprietary Fund measurement focus is upon determination of net income, financial position, and cash flows. Enterprise funds account for the financing of services to the general public where all or most of the operating expenses involved are recovered in the form of charges to users of such services. The Utility Fund, consisting of the operations for water and sewer services, is the City's only Enterprise Fund.

Budgets and Budgetary Accounting

Formal budgetary integration is employed as a management control device during the year for the General Fund, Sales Tax Fund, and Utility Fund. Annual operating budgets are adopted by ordinances and resolutions passed by the City Council for those funds. Budgets are prepared on the same basis of accounting used for financial reporting purposes. The City does not integrate the use of encumbrance accounting in any of its funds. The original budgets and revisions, if any, are authorized at the department level by City Council. The City Manager has the authority to transfer funds within the departments, so long as the total appropriation for a department is not adjusted. All appropriations for operating budgets lapse at year-end to the extent that they have been fully expended. As capital projects can be multi-year, funds appropriated by City Council can carry over to future years for projects not completed each year, at the discretion of the City Manager.

Basis of Accounting:

Governmental Funds:

Governmental Funds utilize the modified accrual basis of accounting under which revenues and related assets are recorded when measurable and available to finance operations during the year. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 45 days after year-end are reflected as deferred revenues - uncollected property taxes. Sales and utility taxes, which are collected by the State or utilities and subsequently remitted to the City, are recognized as revenues and receivables upon collection by the State or utility, which is generally in the month preceding receipt by the City. Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Expenditures are recorded as the related fund liabilities are incurred.

Proprietary Funds:

The accrual basis of accounting is used for the Utility Fund. Under the accrual method, revenues are recognized in the accounting period in which they are earned, while expenses are recognized in the accounting period in which the related liability is incurred.

Basis of Accounting vs. Basis of Budgeting

Budgets are prepared on the same basis of accounting used for financial reporting purposes (GAAP). There are some instances whereas the generally accepted accounting principles used for financial reporting purposes will differ from those used in budget preparation. Under GAAP reporting requirements changes in the fair market value of the City's investments are treated as adjustments to revenue at fiscal year end, and those effects are not considered (or known) in the budget process. The other difference is the annual adjustment necessary to reflect the value of earned but unused vacation leave due to employees at fiscal year end. Such amount would be paid upon an employee's separation from the City, but is not known or budgeted due to the unknown nature of employee's use of vacation leave.

A. Financial Planning Policies:

1. Balanced Budgets:
 - a. The general operating fund (General Fund) and the special local option sales tax fund (General Capital Improvement Program, or CIP), Utility Fund operating fund, and the Utility Fund CIP are subject to the annual budget process.
 - b. All operating and capital fund budgets must be balanced - total anticipated revenues plus fund balances or reserves brought forward must equal total estimated expenditures each year.
 - c. The Utility Fund (the City's only Enterprise Fund type) will be self-supporting.
 - d. All budgets will be formulated and adopted on the basis of accounting consistent with generally accepted accounting principles (GAAP).
 - e. The budget process will include coordinating development of the capital improvement budget with development of the operating budget.
2. Long-Range Planning:
 - a. Budgets will be adopted annually, taking into consideration input from all organizational levels of the City. The Planning Commission will review current and future capital improvement projects and make recommendations to staff for input to the annual budget document.
 - b. The long-term revenue, expenditure, and service implications of continuing or ending existing programs or adding new programs, services, and debt will be considered while formulating all budgets annually.
 - c. The City will assess the condition of all major capital assets, including buildings, roads, bridges, water and sewer lines, vehicles, and equipment annually.
 - d. To estimate the City's future financial position, the long-term impact of operating and capital spending will be analyzed five years forward, concurrent with the formulation of all budgets.
 - e. The General Fund will maintain a minimum of 35% of total operating revenues as its fund balance.
 - f. Fund Balance of the General Fund shall be used only for emergencies, non-recurring expenditures, or major capital purchases that can not be accommodated through current year savings.

B. Revenue Policies:

1. Revenue Diversification:

The City will strive to maintain a diversified and stable revenue system to protect the City from short-run fluctuations in any one revenue source and ensure its ability to provide ongoing services.

 - a. The City will identify all revenue and grant options available to the City each year.

- b. All revenue collection rates, especially for real estate and personal property taxes, will be reviewed annually, and all efforts to maximize receipt of revenues due will be made by the Finance Department.
- 2. User Fees and Charges:

Fees will be reviewed and updated on an ongoing basis to ensure that they keep pace with changes in the cost-of- living as well as changes in methods or levels of service delivery.

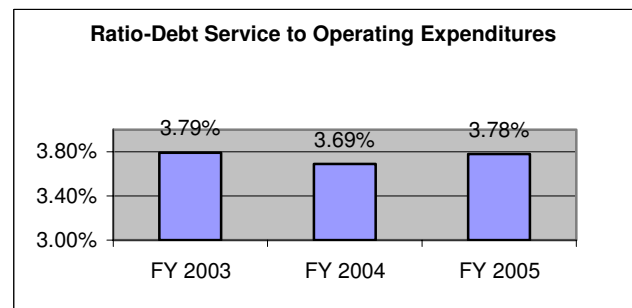
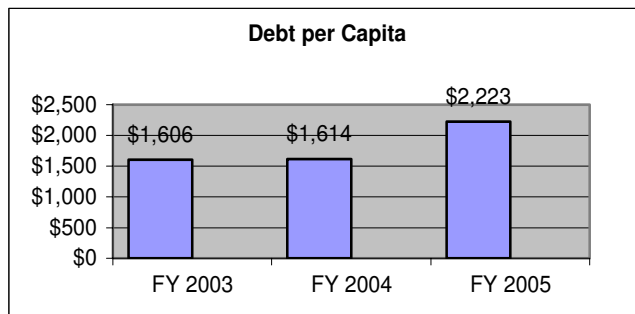
 - a. Rental of City properties – Charges will be reviewed annually and compared with market rates for comparable space or property in the community. The City will consider annual escalator clauses in multi-year rental contracts to take into effect the impact of increases in the cost of living.
 - b. Building permit and inspection fees will be reviewed annually.
 - c. Recreation program charges will be reviewed annually. In general, all efforts will be made to provide programs and activities at an affordable level for the residents of the Williamsburg area while still recovering a major portion of incidental costs of programs, not to include administrative costs or the use of facilities.
 - i. Charges for specialty classes such as yoga, aerobics, dance, dog obedience, etc. will be set at a level to encourage maximum participation, and also enable 75% to 80% of program receipts to be used to compensate instructors.
 - ii. Team sports participation fees will also be set to encourage maximum participation, with approximately 80% to 90% of charges being used to defray costs of officiating, prizes and awards, scorekeepers, and team pictures.
 - iii. Admission fees for the use of the Quarterpath Pool are intended to provide an affordable service to citizens. Fees are not intended to recover 100% of the costs of operating this facility. The City encourages individual and family seasonal membership passes at a minimum fee, which provide an even more affordable opportunity for residents to enjoy this outdoor facility during the summer months.
 - d. The City's Utility Fund will be self-supporting. Water and sewer charges will be reviewed annually and set at levels which fully cover the total direct and indirect costs - including operations, capital outlay, and debt service.
- 3. Use of One-time or Limited-time Revenues:
 - a. To minimize disruptive effects on services due to non-recurrence of these sources, the City will not use one-time revenues to fund operating expenditures.

C. Expenditure Policies:

1. Operating/Capital Expenditure Accountability:
 - a. The City will finance all current expenditures with current revenues. The City will not short-term borrow to meet cashflow needs.
 - b. Future operating costs associated with new capital improvements will be projected and included in operating budgets.
 - c. Capital improvement program budgets will provide for adequate maintenance of capital equipment and facilities and for their orderly replacement.
 - d. The budgets for all funds shall be controlled at the department level. Expenditures may not exceed total appropriations for any department without approval from the City Manager.
 - e. All operating fund appropriations will lapse at fiscal year-end. Any encumbered appropriations at year-end may be re-appropriated by City Council in the subsequent year. Multi-year capital improvement projects may be carried-forward in the subsequent year, at the discretion of the City Manager.
 - f. The City will include contingency line items in the General Fund, General CIP, and Utility Fund CIP, not to exceed \$200,000, to be administered by the City Manager, to meet unanticipated expenditures of a non-recurring nature.
 - g. The City will maintain a budgetary control system to ensure adherence to the budget and will prepare and present to City Council monthly financial reports comparing actual revenues and expenditures with budgeted amounts.

D. Debt Policy:

1. The objective of the City's debt policy is to maintain the City's ability to incur present and future debt at the most beneficial interest rates in amounts needed for financing the adopted Capital Improvement Program without adversely affecting the City's ability to finance essential City services.
2. A five-year capital improvements program will be developed and updated annually along with corresponding anticipated funding sources.
3. Capital projects financed through either bank qualified loan or the issuance of bonded debt will be financed for a period not to exceed the useful life of the project.
4. Debt service principal payments will be scheduled in equal installments over the life of the indebtedness.
5. The City has not sought a bond rating, but will do so if a rating will improve the cost of borrowing.
6. Pay-as-you-go financing will be the normal method of funding the capital program, with debt financing not to exceed the limits established below.
7. Actual ratios of per capita debt, and debt service to operating revenue, and the not-to-exceed limit are shown below.



- Outstanding Debt per Capita: \$1,700 - \$2,400, including Utility Fund
- Ratio of Debt Service to Operating Expenditures adjusted for net effect of bond refinancing in FY 2004

E. Investment Policy:

In recognition of its fiduciary role in the management of all public funds entrusted to its care, it shall be the policy of the City that all investable balances be invested with the same care, skill, prudence and diligence that a prudent and knowledgeable person would exercise when undertaking an enterprise of like character and aims. Further, it shall be the policy of the City that all investments and investment practices meet or exceed all statutes and guidelines governing the investment of public funds in Virginia, including the Investment Code of Virginia and the guidelines established by the State Treasury Board and the Governmental Accounting Standards Board.

Copies of the City's comprehensive investment policy, including the objectives, allowable investments, quality, maturity restrictions, prohibited securities, and additional requirements are available at the Department of Finance.

Accounting System - The total set of records and procedures which are used to record, classify, and report information on the financial status and operations of the City.

Accrual Basis of Accounting - The method of accounting under which revenues are recorded when they are earned (whether or not cash is received at that time) and expenditures are recorded when goods and services are received (whether cash disbursements are made at that time or not).

Account Number - A numerical code identifying Revenues and Expenditures by Fund, Department, Activity, Type and Object.

Activity - One of the tasks, goals, etc., of a departmental program.

Appropriation - An authorization granted by the City Council to make expenditures and to incur obligations for purposes specified in the budget.

Budget - A comprehensive plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them.

Budget Revision - A formal change in the total amount of budgeted expenditures during a fiscal year by action of City Council.

Budget Transfer - A formal transfer from one activity [usually a departmental line item] to another, without changing a department's budget total. Transfers are approved at the City Manager level, and do not require action by City Council.

Capital Equipment - An expenditure for a fixed asset that has an expected life of more than (1) year and the cost of which is in excess of \$20,000. Capital items include office equipment, furniture, computers, etc.

Capital Improvement - New or expanded physical facilities for the community that are of relatively large size, are relatively expensive and permanent in nature. For example: street improvements, sidewalks, bridge rehabilitation, buildings, park improvements, and City vehicles. Capital improvements are accounted for in either the Sales Tax Fund for general improvements, or the Utility Capital Improvement Fund for water and sewer related projects.

Carryover - That part of the fund balance which may be utilized as a source of funds in the current budget. (See "Fund Balance".)

Contingency Account - A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted for.

Contractual Service - An expenditure for services performed by a non-employee. For example: computer, building, and copy machine maintenance, special studies, etc.

Department - The Department is the primary administrative unit in City operations. Each is directed by a department head. Departments are generally composed of divisions of activities which share a common purpose.

Depreciation - (1) Expiration in the service life of capital assets attributable to wear and tear, deterioration, action of the physical elements, inadequacy or obsolescence; (2) that portion of the cost of a capital asset which is charged as an expense during a particular period.

Enterprise Fund - Used to account for the financing of services where all or most of the operating expenses involved are recovered in the form of charges to users of such services.

Expenditure - An expenditure is a decrease in net financial resources for the governmental funds. This includes current operating expenditures requiring the present or future use of current assets.

Expense - The same as above when applied to a fund accounted for on an accrual basis, such as the City's Utility Fund.

Fiscal Year - The twelve month period on which the City operates its financial affairs. The City of Williamsburg's fiscal year is July 1 through June 30.

Fixed Asset - An expenditure for a good that has an expected life of more than (1) year and the cost of which is in excess of \$5,000. Capital items include real property, office equipment, furnishings and vehicles.

Full-Time Equivalent (FTE) - The percentage of time a staff member works represented as a decimal. A full-time person is 1.00, a half-time person is .50 and a quarter-time person is .25.

Fund - A fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources which are segregated for the purpose of carrying on specific activities or attaining certain objectives.

Fund Balance - The equity of a fund, oftentimes incorrectly referred to as "surplus". It is simply the difference between a fund's assets and liabilities. Each fund begins each year with a positive or negative fund balance.

General Fund - All funds supported by taxes and fees that have unrestricted use. It is the City's largest fund.

Infrastructure - Roads, bridges, curbs and gutters, streets, sidewalks, drainage systems and lighting systems installed for the common good.

Line Item - An individual expenditure (or expense) category listing in the budget (salaries, supplies, etc.)

Modified Accrual Basis of Accounting - (a) Revenues are recognized in the accounting period in which they become available and measurable and (b) expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt and certain similar accrued obligations, which should be recognized when due.

Retained Earnings - The total earnings of an enterprise fund (in governmental accounting) since the establishment of the fund. The amount is adjusted each year by the fund income less expenses - on a full accrual basis of accounting.

Revenue - An increase in fund balance caused by an inflow of assets, usually cash.

Sales Tax Fund - This fund accounts for the scheduled major capital improvements for the upcoming year. Williamsburg also refers to this as the General Capital Improvements Program, and is supported exclusively by 1% retail sales tax revenues returned to the locality from the Commonwealth of Virginia, and interest earnings.

Surplus - The excess of revenues over expenditures for a fund during a fiscal year.

Taxes - Compulsory charges levied by a government, school, sewer or other special district for the purpose of financing services performed for the common benefit.

Tax Levy - The total amount to be raised by either real or personal property taxes.

Tax Rate - The amount of taxes levied for each \$100 of assessed valuation, either real or personal property.

Transfer - A transfer is a movement of monies from one fund, activity, department, or account to another. This includes budgetary funds and/or movement of assets.

Working Capital - Excess of revenues over expenses for the Utility Fund. Working capital, as reported on a balance sheet, approximates cash and cash equivalents.